No BCCI 'Foot Dragging,' Says Top Justice Official

7/25/91 By Jim McGee
Washington Post Staff Writer

The chief of the Justice Department's criminal division, stung by news reports that the investigation of the Bank of Credit and Commerce International (BCCI) has been stifled because of alleged CIA links, said he has taken personal charge of the probe and that 10 federal prosecutors are working on various parts of the international banking scandal.

"We are left with the appearance of, one, foot dragging, two, perhaps a coverup . . . or at perhaps best a lack of enthusiasm for aggressiveness," said Assistant Attorney General Robert S. Mueller. "Nobody has ever accused me of . . . lacking aggression."

He said BCCI recently has been given the high-level staffing that was set up to handle investigations such as the 1988 bombing of Pan American Flight 103 or the 1989 murder of U.S. Appeals Court Judge Robert S. Vance of Alabama.

"There are allegations out there and we are pursuing them," Mueller said, responding to charges of delays made by Manhattan District Attorney Robert Morgenthau as well as recent published reports.

The BCCI case exploded into a major international issue after banking authorities in Britain and a number of other countries shut the bank down earlier this month, charging that it had suffered huge losses as a result of widespread fraud. British bank regulators claimed that BCCI

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■ *House Banking Committee plans September hearings on BCCI. Page B9*

Post's quote on CIA's admission of using BCCI

Justice Denies Delays On BCCI

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acquired hidden control of stock in Washington's First American Bankshares through undeclared loans to shareholders.

Mueller rejected assertions in the current issue of Time magazine that the "U.S. is trying to cover up its role" in the BCCI scandal in part because the CIA may have collaborated with a "black network" of 1,500 BCCI operatives who, according to Time, were involved in smuggling, kidnapping and possibly murder.

"I don't know but the CIA may have used BCCI" bank accounts for operations, Mueller said. "But is that a violation that we ought to be investigating? What's the violation of United States criminal law that gives me the right or the FBI the jurisdiction to investigate?

"If they [the black network] murdered somebody in the United States, if they extorted somebody in the United States, if they murdered or extorted Americans overseas, we potentially would have jurisdiction. We are not the world's ombudsman—at least the Justice Department is not—and we have to focus on those credible allegations that we have in hand that deserve our resources. All I'm doing is expressing my frustration."

Mueller said that no one from the White House or from the various intelligence agencies has attempted to interfere. "Has our investigation in any way been influenced or interfered with by the White House or the CIA or NSA [National Security Agency] or any other agency?" Mueller said. "The answer is no. And we will not allow it be influenced, period."

At another point during an interview in his office at the Justice Department, Mueller said that so far, "I have no evidence to, I have no reason to believe . . . that the CIA was in any way involved in BCCI's illegal activities. . . . I have seen nothing to support the bold allegations that are made in Time."

A CIA spokesman, Mike Mansfield, said yesterday, "Any allegations of unlawful use of BCCI by the agency are without foundation. The allegation the CIA collaborated with a so-called black network . . . are absurd."

Mueller defended the work of federal prosecutors, noting that they may have moved with less fanfare than prosecutors with the Manhattan District Attorney's Office, who first obtained evidence that BCCI had gained control of First American Bankshares' holding company. Mueller argued that it was a 1988 federal money-laundering case in Tampa that first revealed BCCI's illegal activities in the United States.

U.S. attorneys in Tampa, Miami, Atlanta and the District are investigating different aspects of the case, ranging from BCCI's alleged involvement with CenTrust Savings and Loan in Miami to allegations by the Federal Reserve that it was misled when it approved the 1981 takeover

of First American.

Mueller argued that the investigation mushroomed recently as a result of inquiries by the accounting firm of Price Waterhouse, which examined BCCI's books at the request of the Bank of England.

"The broader allegations that have been made have been based on revelations from the Price Waterhouse report that only became public or was produced by Price Waterhouse in the last month," Mueller said.

The current issue of Time magazine asserts that "U.S. investigators now say openly that the Justice Department has not only reined in its own probe of the bank, but is also part of a concerted effort to derail any full investigation. Says Robert Morgenthau, the Manhattan District Attorney, who first launched his investigation into BCCI two years ago: We have had no cooperation from the Justice Department since we first asked for records in March 1990. In fact, they are impeding our investigation, and Justice Department representatives are asking witnesses not to cooperate with us."

At least two congressional committees plan public hearings on BCCI in the near future.

Mueller said there have been conflicts with Morgenthau in part because different prosecutors are pursuing many of the same matters. "We are aggressively pursuing the allegations," Mueller said. "And, as is often the case, when you have jurisdictions that may have overlapping interests, you bump up against each other. . . . We have talked with [Morgenthau], we're meeting next week to see if we can resolve some of those differences."

Morgenthau said yesterday that he is willing to cooperate with the federal prosecutors but needs access to documents and witnesses they control. "I have no interest in having a fight with anybody in the Justice Department," he said.